

Fuel Taxes:

A State-by-State Comparison

June 2005



The 18th amendment to the Washington State Constitution dedicates motor fuel tax collections to “highway purposes.”



**Washington State
Department of Transportation**

Strategic Planning and Programming

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June 30, 2005

This State-by-State Fuel Tax Comparison report is published with the intent to assess and compare Washington's fuel tax to that of the other 49 states and the District of Columbia. Throughout the country, state and local governments impose a variety of cents-per-gallon taxes and taxes based on the retail or wholesale price of fuel. Some states also impose other environmental or business taxes that translate into cents-per-gallon charges at the pump. To determine how Washington compares, the Washington State Department of Transportation semi-annually analyzes data from other states to learn what taxes are imposed on fuel used by cars and trucks traveling on the nation's roads.

The findings for the first half of 2005 place Washington's fuel taxes in the top 20 percent nationally. The national average combined state and local gasoline tax rate for this six-month period is 24.25¢ per gallon. Washington's 28¢ tax rate is above the average but similar to the other western states (Oregon 27.0¢, Idaho 25.0¢, and Montana 27.75¢) and lower than states with similar congestion problems (New York 36.37¢, California 37.39¢, and Florida 29.60¢).

Washington ranks 12th among the 50 states and the District of Columbia for combined state, federal, and local gasoline taxes. A majority of the states (31), including Washington, have combined fuel tax rates that fall within the 20¢ to 30¢ range, seven states fall into the 30¢ to 40¢ range, two states (Hawaii and California) fall above 40¢ and the remaining 11 states have combined fuel tax rates under 20¢.

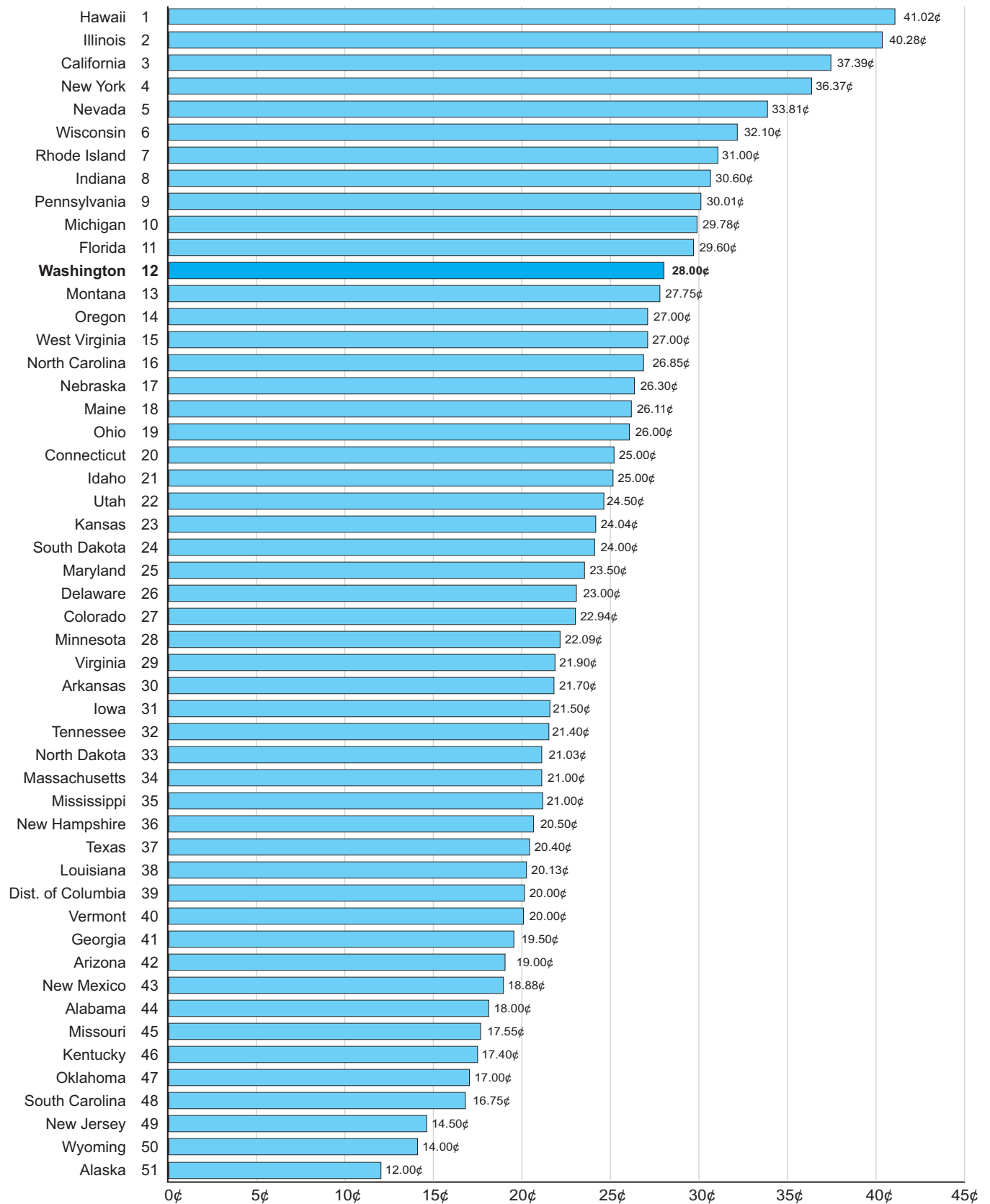
Since the June 2004 report, nineteen states have experienced increases to their fuel tax rates and four states have had decreases. The accompanying tables detail the states, the change and an explanation for the change.

The information in this report is gathered primarily from the Commerce Clearing House (CCH) State Tax Guide, Statute Summaries. In addition, data were supplemented with information supplied by individual states, official DOT websites and from officials in selected states.

States that Experienced Increases		
State	Change	Reason for Change
Alaska	4.00¢	Addition of local area fuel taxes.
California	4.25¢	Increase in the average cost of fuel causing the sales tax portion to increase.
Colorado	0.31¢	Increased Environmental Response Surcharge.
Florida	0.13¢	Addition of Fuel Inspection Fee.
Hawaii	0.71¢	Increase in the average cost of fuel causing the sales tax portion to increase.
Illinois	1.28¢	Increase in the average cost of fuel causing the sales tax portion to increase.
Indiana	2.19¢	Increase in the average cost of fuel causing the sales tax portion to increase.
Iowa	0.20¢	Scheduled increase in the fuel excise tax.
Kentucky	1.00¢	Increase in the variable component based on the average price of fuel.
Maine	0.66¢	Increased Ground Water Clean-Up Fee.
Michigan	4.50¢	Increase in the average cost of fuel causing the sales tax portion to increase.
Missouri	0.20¢	Increased Transport Load Fee
Nebraska	0.90¢	Scheduled increase in the fuel excise tax and increased environmental fees.
New Hampshire	1.00¢	Addition of Fuel Oil Discharge Cleanup Fee.
New York	1.15¢	Increase in the average cost of fuel causing the sales tax portion to increase.
North Carolina	2.00¢	Scheduled increase in the fuel excise tax.
Pennsylvania	3.31¢	Increased Oil Franchise Tax (based on the wholesale price of gas).
Virginia	0.38¢	Addition of local sales tax in counties with transit districts.
West Virginia	1.65¢	Increase in the average cost of fuel causing the prepaid sales tax rate to increase.

States that Experienced Decreases		
State	Change	Reason for Change
Alabama	-2.00¢	Removed local area excise taxes.
Georgia	-0.68¢	Decreased environmental fees.
Louisiana	-0.26¢	Decreased environmental fees.
Mississippi	-0.40¢	Removed the Environmental Protection Fee.

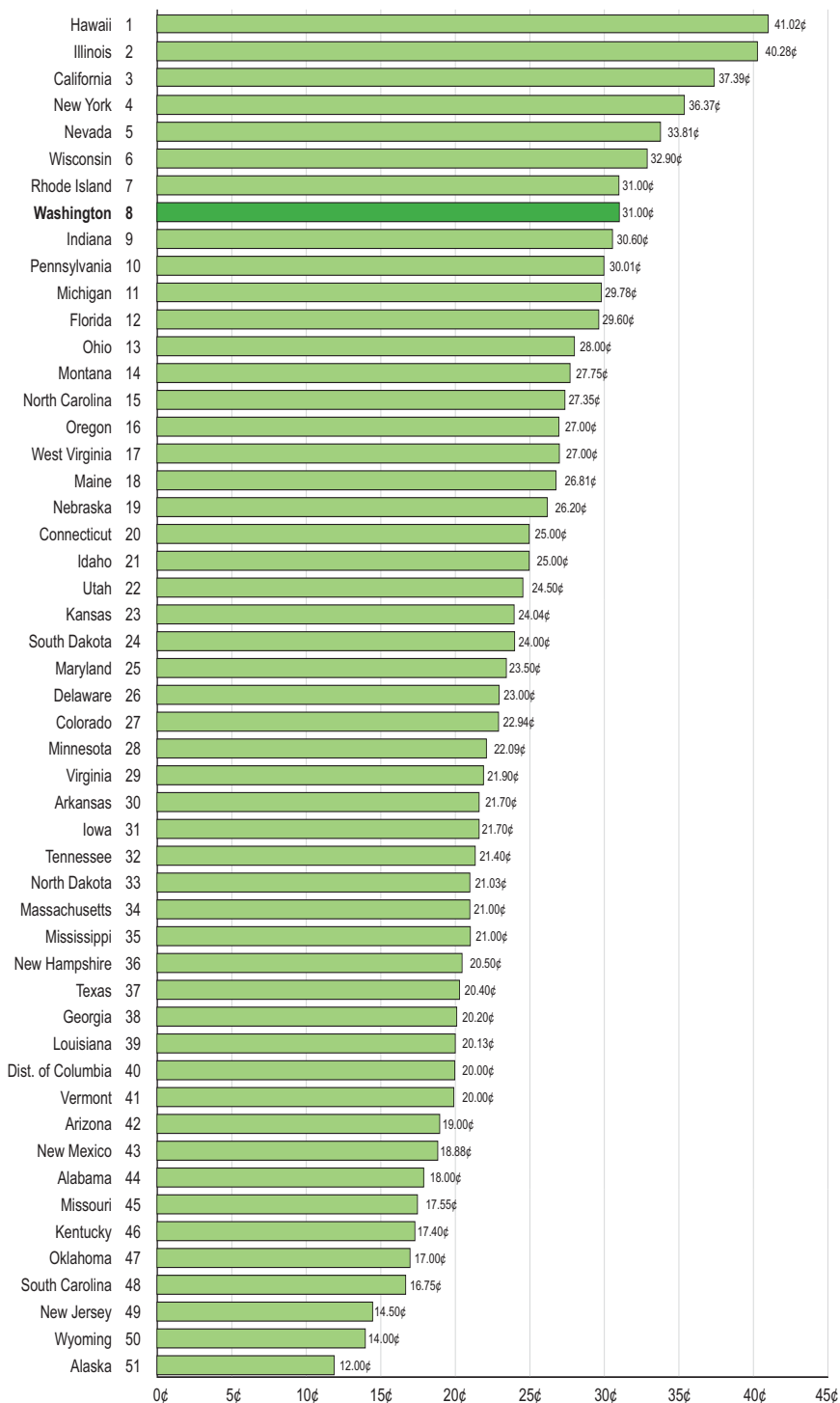
State-by-State Combined State and Local Tax Rate Comparison January through June 2005



State-by-State Combined State and Local Tax Rate Comparison Including Washington's 3¢ increase effective July 1, 2005

Although the available data covers the previous six months, January through June 2005, there is a great deal of interest in how Washington State's recently enacted gas tax increase will change Washington's combined fuel tax rank. As of July 1, 2005 Washington state gas tax increases by 3.0¢, for a total state excise tax of 31.0¢ per gallon. This ties Washington with Rhode Island (7) to a rank of eighth.

Because data for this report are collected over a six-month period, and many states make quarterly adjustments to different components of their gas taxes, this chart is a projected look at the 50 states and the District of Columbia over the next six months and the actual ranking may differ. For consistency for the states that base sales tax on the retail price of gasoline, the price of gasoline used for this analysis is the weekly average for the period of January through June 2005 (210.07¢/per gallon all grades, all formulations, per the Energy Information Administration)



This table is a projection of Washington's standing on July 1, 2005 and may not reflect changes in other state's gas tax rates due to recent legislation or scheduled adjustments. Some state periodically recalculate fuel excise taxes based on economic factors, including the price of fuel. For this projection the price of fuel used was set at the national average of January 1, 2005 through June 30, 2005 (210.07¢).